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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 002122

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TAGS: [PREL](#) [PGOV](#) [PBTS](#) [CH](#)  
SUBJECT: (C)CHINESE REACT NEGATIVELY TO WEBB HEARING  
TESTIMONY

Classified By: Charge d'Affaires Robert Goldberg. Reason 1.4 (b) and (d).

SUMMARY  
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[11.](#) (C) The DG for the new MFA Department of Boundary and Ocean Affairs called in the Charge on July 24 to protest comments made by senior U.S. officials about Chinese claims to the South China Sea (SCS). The DG reiterated Chinese sovereignty claims and urged the United States to "control" U.S. oil companies that might be working on exploration activity with other South China Sea claimant countries. He admitted at the end of the meeting that China's real problem was that the testimony at a Senate Foreign Relations Committee East Asia Subcommittee hearing was "open and public," and urged the United States to address future concerns "privately" with the Chinese government. The Charge noted that we have a mutual interest in seeing any disputes in the South China Sea resolved peacefully, in accordance with international law and in the best interests of all states with a lawful claim. End Summary.

Chinese Vexed by USG Officials' Testimony  
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[12.](#) (C) Director General of the Department of Boundary and Ocean Affairs Ning Fukui called in the Charge to issue a formal complaint about testimony of Deputy Assistant Secretary of State for East Asian and Pacific Affairs Scot Marciel and Deputy Assistant Secretary of Defense Robert Scher before a June 15 Senate Foreign Relations Committee East Asia Subcommittee hearing chaired by Senator James Webb (D-VA). DG Ning told the Charge the he was "instructed" to voice China's displeasure at statements made by USG officials that openly questioned China's claim to the SCS. Reading from a prepared statement, DG Ning said China was "shocked and confused" and "strongly indignant" about the statement that the United States believes China's claims to the SCS are "ambiguous." He also opposed the U.S. officials' characterization of China's behavior towards U.S. oil companies as "intimidation."

PRC: "Indisputable" Historic Basis for SCS Claims  
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[13.](#) (C) China's claims to the SCS under maritime law are "clear cut" and "consistent," said Ning. Furthermore, China has indisputable claim to the Nansha (Spratly) Islands and the surrounding waters. China was the first to discover and name the Nansha Islands and the first to have and sustain sovereign jurisdiction over them, he said. DG Ning added that until the occupation of Chinese territory in the South China Sea by the Japanese during World War II, China's claim to the area was never challenged. Furthermore, the Cairo and Potsdam declarations returned those territories to China after the War. It was only after the 1960s that neighboring

countries started to challenge in China's interests in the South China Sea. Ning stated emphatically that China will never recognize third country claims to the South China Sea, but added that China hopes to resolve the issue through diplomatic means.

#### Bad, Bad U.S. Oil Companies

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¶4. (C) Ning further charged that oil and gas development and exploration in the South China Sea by U.S. companies have harmed Chinese interests and increased tension and disputes in the area. Companies have carried out surveys in disputed areas with Vietnam and other countries, and have harmed peace and stability. China firmly objected to unilateral oil and gas activities by any country in the area of dispute and also objected to the participation of third-country companies. U.S. companies had exceeded the scope of their regular business interests, become involved in an international dispute and harmed China's interests. Ning urged the USG to take immediate action to stop oil and gas exploration by private U.S. companies in the South China Sea. China would act to safeguard its rights and interests, and its rights in the South China Sea are "indisputable."

¶5. (C) DG Ning said China was safeguarding its territorial sovereignty and seeking peaceful solution in accordance with international law, including the UN Convention on the Law of the Sea. In addition, China advocated a policy of "shelving disputes while pursuing common development," thereby demonstrating China's good will and commitment to a peaceful resolution of South China Sea disputes.

BEIJING 00002122 002 OF 002

#### Possible Impact on Bilateral Relations

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¶6. (C) The most important aspect of preserving a "positive, cooperative and comprehensive" bilateral U.S.-China relationship, Ning said, was "respect for each other's core interests and mutual concerns." The United States should respect China's territorial sovereignty and maritime rights and interests in the South China Sea, and fully respect China's peaceful efforts to resolve disputes there. The United States should also refrain from involving itself in international disputes in the South China Sea or doing anything to make a peaceful resolution more difficult to reach, he continued.

#### Charge Emphasizes the Positive

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¶7. (C) The Charge responded that to the extent that China believes in peaceful exploration of the South China Sea, consultation rather than conflict and resolution of disputes in accordance with international law, the U.S. and Chinese perspectives are similar. There are many different interests at work in this area; the United States had heard China's sovereignty argument, and also the arguments of others with claims on the South China Sea. The Charge appreciated China's willingness to engage with other countries and cooperate with them on joint exploration for resources. No nation with a legitimate claim on South China Sea resources should be disadvantaged.

Feelings of the Chinese People: Hurt (again). Bottom Line:  
Please Don't Talk Publicly

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¶8. (C) Ning stressed that China's sovereignty over the South China Sea was "indisputable" and re-emphasized that the statements by Deputy Assistant Secretaries Marciel and Scher "harmed Chinese sovereignty and also hurt the feelings of the Chinese people." He said that questioning China's rights, interests and sovereignty in the South China Sea damages

mutual trust and was not conducive to peace and stability in the region. At the conclusion of the meeting, he added one further point: whatever differences the United States and China may have on sovereignty and territorial issues in the South China Sea, it was in both countries' interests that differences not be aired publicly. The Charge said he took note of the Chinese concerns on this issue.

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